

## Message Text

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TO USMISSION GENEVA

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E.O. 11652: N/A

TAGS: ECE, EAGR

SUBJECT: DRAFT STUDY OF TIMBER TRENDS AND PROSPECTS IN  
THE ECE REGION, 1950-2000

FOLLOWING IS RESPONSE TO LG/TIM/75/11(A), REQUESTING  
INFORMATION ON ABOVE SUBJECT. PLEASE FORWARD IN APPROPRI-  
ATE FASHION TO ECE/FAO TIMBER DIVISION.

BEGIN QUOTE:

1. THE U.S. IS PLEASED WITH THE OPPORTUNITY TO COMMENT  
UPON THIS IMPORTANT STUDY. IT IS CLEAR THAT THE SECRE-  
TARIAT HAS DONE A VERY CREDITABLE JOB CONSIDERING THE  
CONSTRAINTS OF TIME AND THE AVAILABILITY OF RESOURCES.  
THE STUDY WILL BE AN AUTHORITATIVE SOURCE OF INFORMATION  
ON PRESENT AND PROSPECTIVE TIMBER MARKETS AND TIMBER  
RESOURCES IN EUROPE AND THE MAJOR TIMBER PRODUCING,  
IMPORTING, AND EXPORTING COUNTRIES AND REGIONS OF THE  
WORLD. IT WILL ALSO BE VERY USEFUL TO U.S. ANALYSTS  
STUDYING THE PROSPECTIVE TIMBER RESOURCE AND MARKET  
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SITUATION.

2. THE U.S. IS IN GENERAL AGREEMENT WITH THE BASIC CONCLUSIONS OF THE STUDY. IT DOES SEEM DESIRABLE, HOWEVER, IN DISCUSSING THE U.S. RESOURCE SITUATION (CHAPTER 9, PARA. 60) TO DISCUSS SEPARATELY THE OUTLOOK FOR CONIFERS AND HARDWOODS. MOST OF THE PROJECTED INCREASE IN TIMBER SUPPLIES IN THE U.S. IS COMPOSED OF HARDWOODS WHICH ARE IN LIMITED DEMAND. THE PROSPECTIVE INCREASE IN CONIFER SUPPLIES IS RELATIVELY MODEST AND MUCH BELOW THE PROJECTED INCREASE IN DEMAND. THIS SUGGESTS THE LIKELIHOOD OF RAPIDLY INTENSIFYING COMPETITION FOR THE AVAILABLE SUPPLIES OF CONIFER TIMBER AND INCREASES IN RELATIVE PRICES OF CONIFER STUMPAGE AND MANY TIMBER PRODUCTS.

3. UNDOUBTEDLY, THE RESOURCES OF NORTH AMERICA CAN SUPPORT AN INCREASE IN EXPORTS TO EUROPE OF THE SCALE INDICATED IN PARA. 66 (CHAPTER 9). HOWEVER, IT SHOULD BE RECOGNIZED THAT INCREASED EXPORTS OF MANY PRODUCTS ARE ONLY LIKELY TO BE AVAILABLE AT PRICES SIGNIFICANTLY ABOVE THOSE PREVAILING IN THE 1950'S AND 1960'S.

4. WITH RESPECT TO THE DISCUSSION OF PRICE, PERHAPS THE MOST IMPORTANT IMPLICATION OF EUROPEAN DEMAND-SUPPLY BALANCES SHOWN IN PARA. 17 TABLE 6/10 OF CHAPTER 10 IS THE PROSPECT OF RISING RELATIVE PRICES. ONCE THIS IS RECOGNIZED, MOST OF THE OTHER IMPLICATIONS DISCUSSED IN THIS CHAPTER WOULD FOLLOW AS A LOGICAL RESULT.

5. AS A MINOR POINT, THE REVIEWERS WERE UNABLE TO CHECK THE DATA FOR THE U.S. SHOWN IN CHAPTER 9. THIS MAY, OF COURSE, REFLECT SOME UNKNOWN DIFFERENCE IN CONVERSION FACTORS. WE SUGGEST THAT, FOR THE U.S., THE SECRETARIAT USE THE DATA CONTAINED IN THE REPORT "THE DEMAND AND PRICE SITUATION FOR FOREST PRODUCTS, 1974-1975," WHICH WE ARE SENDING UNDER SEPARATE COVER, AND "THE OUTLOOK FOR TIMBER IN THE UNITED STATES," WHICH THE SECRETARIAT ALREADY POSSESSES. IN THIS LATTER REPORT, THE DATA IN TABLES 32, 155, AND 156 AND THE ACCOMPANYING DISCUSSION SHOULD BE ESPECIALLY HELPFUL TO THE SECRETARIAT IN DESCRIBING THE PROSPECTIVE U.S. SITUATION. THESE REPORTS UNCLASSIFIED

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ALSO CONTAIN HISTORICAL PRICE DATA, IN BOTH CURRENT AND RELATIVE TERMS, FOR STUMPAGE, LOGS, AND VARIOUS TIMBER PRODUCTS.

6. IT APPEARS THAT THE ANALYSIS OF TIMBER RESOURCES AND PROSPECTIVE TIMBER SUPPLIES OF MANY EUROPEAN COUNTRIES IS ONE OF THE WEAKEST PARTS OF THE STUDY. THIS IS AN AREA WHERE THE WORK OF THE COMMITTEE COULD BE CONCENTRATED TO

A GREATER DEGREE IN COMING YEARS. THE U.S. IS ALSO IN SYMPATHY WITH THE INCREASED EMPHASIS ON WORK COVERING COSTS AND PRICES.

7. FURTHER COMMENTS HAVE BEEN PREPARED INDEPENDENTLY BY L.A. VARGHA OF THE WEYERHAEUSER COMPANY, AND WILL BE

SENT SEPARATELY. MR. VARGHA, WHO HAS BEEN A MEMBER OF THE U.S. DELEGATION TO THE TIMBER COMMITTEE FOR THE LAST TWO YEARS, IS KNOWLEDGEABLE ABOUT THE INTERNATIONAL TIMBER SITUATION AND THE PREPARATION OF LONG-RUN PROJECTIONS. WE TRUST HIS COMMENTS WILL BE HELPFUL IN THE REVISIONS YOU HAVE UNDERWAY. END QUOTE.

8. NOTE: REPORT CITED ABOVE PARA. 5 AND VARGHA COMMENTS WILL BE SENT IN FOLLOW-UP AIRGRAM. KISSINGER

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